

# Company Requirements for Plans of Withdrawal/Transition

At least 45 days prior to the date an insurance company anticipates issuing notices of any type of withdrawal activity, the agency requires that the insurer submit a formal withdrawal plan. The type of withdrawal, "Line of Authority Withdrawal" or "Line of Business/Product Withdrawal", determines the withdrawal plan requirements and assigns responsibility to the appropriate division within the Insurance Commission for processing the request.

## DEFINITIONS:

Certificate of Authority - each insurer licensed to transact business in West Virginia is authorized to write only those specific lines that the Insurance Commission has granted. The Commission segregates authorization to the following categories Life, Accident and Sickness, Fire, Marine, Casualty, and Surety. The Commission issues Certificate of Authority licenses to insurers stating which categories they have been approved to write. Any addition or deletion to write business of an entire category must be approved by the Commission and the insurer's Certificate of Authority modified to reflect the change. Note, discontinuing to write a single product within a line of authority category does not result in a modification of the Certificate of Authority. The Certificate of Authority is only modified when an entire category type is discontinued or added.

Withdrawal - the nonrenewal, cancellation or termination of policies or the surrender of the license to transact the business of insurance in this state.

1. Withdrawal of a Line of Authority - An approved withdrawal of a line of authority results in the surrender or modification of the insurer's Certificate of Authority. The Financial Conditions Division processes and approves line of authority modifications. To qualify as a line of authority modification, the entity must be surrendering their authority to write any and all policies that fall within one of the following categories: Life, Accident and Sickness, Fire, Marine, Casualty, and Surety. As an example, if an entity requests withdrawal from the casualty insurance market, a Certificate of Authority modification must take place, however, if an entity notifies the Commission that they will be no longer writing medical malpractice policies (a sub-section of the casualty market) a modification of the Certificate of Authority is not required. The latter example is considered a withdrawal of a line of business/product.

2. Withdrawal of a Line of Business/Product - An insurer that seeks to cease writing a specific type of product, but not all products within the corresponding Certificate of Authority category, is considered a withdrawal of a line of business/product. The Commission's Rates and Forms division reviews and approves line of business/product withdrawals. Certain types of policies afford policyholders statutory protection against cancellation or non-renewal and must be approved by the Commission prior to notification to the consumers.

## CODE REFERENCES:

WV Code §33-6A-1; §33-6A-4 - Private Passenger Automobile Liability or Physical Damage Coverage

WV Code §33-17A-4; WV Code §33-17A-5 - Property Insurance Coverage

WV Code §33-15-2d, 2e, 2g and WV Code of State Rules, Title 114, Series 55 - Individual Accident and Sickness

WV Code §33-16D-7; §33-16-32; and WV Regulations §114-54-6.3 - Group Accident and Sickness

WV Code of State Rules, Title 114, Series 24 (114CSR24) - Medicare Supplement Plan

WV Code of State Rules, Title 114, Series 54, Section 9 - Small Group Accident and Sickness

WV Code §33-20C-2 - Malpractice Insurance Coverage

<u>Line of Authority Withdrawals</u> should be mailed to:  State of West Virginia  Offices of the Insurance Commission  <b>Financial Conditions Division</b>  Post Office Box 50540  Charleston, West Virginia 25305-0540	<u>Line of Business/Product Withdrawals</u> should be mailed to:  State of West Virginia  Offices of the Insurance Commission  <b>Rates and Forms Division</b>  Post Office Box 50540  Charleston, West Virginia 25305-0540
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If an entity is requesting a line of authority withdrawal:

- The insurer intends to surrender or non-renew any or all of its lines of authority.

If an entity is requesting a line of business/product withdrawal:

- The insurer intends to discontinue the issuance of a policy at the end of the policy term
- The insurer intends to transition business from its company to an affiliated or non-affiliated insurer
- The insurer does not intend to offer renewal to a block of insurance business for a specific reason